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June 14, 2002

**VIA U.S. MAIL**

Sarah R. Thomas, Esq.  
Administrative Law Judge  
California Public Utilities Commission  
505 Van Ness Avenue, # 5021  
San Francisco, CA 94102

Re: Status of Metromedia Fiber Network Services, Inc. Proceedings Before the CPUC

Dear ALJ Thomas:

I am writing in response to your e-mail inquiry dated May 29, 2002 asking Metromedia Fiber Network Services, Inc. ("MFN") to update you regarding its pending matters before the California Public Utilities Commission ("CPUC").

**Application 01-03-008:** Application of Pacific Gas & Electric Company ("PG&E") and MFN for approval under California Public Utilities Code Section 851 of an irrevocable right for MFN to use PG&E electric transmission towers for a San Francisco Bay crossing (filed March 8, 2001). MFN is currently reviewing its plans for the San Francisco Bay Area and has not yet decided whether or not to retain the portion of its system that is at issue in this application. However, regardless of how MFN decides to proceed, this application has been pending with the CPUC for over a year. Both MFN and PG&E have provided all requested supplemental information. This application should be acted upon so that MFN has the regulatory certainty necessary to make an informed decision about treatment of this asset.

**Application 00-02-039:** As I understand it, there are four proceedings associated with this application number:

1. MFN's first request for modification of its certificate of public convenience and necessity was filed February 25, 2000. This petition was acted upon by the CPUC in Decision No. 00-09-039, wherein the CPUC authorized MFN to undertake certain route-specific construction in Los Angeles and San Francisco. However, the CPUC deferred the portion of MFN's petition that requested the CPUC to establish an expedited procedure for approval of future customer connections and route changes. MFN requests that the CPUC act on this request, which has been pending for more than two years.
2. MFN's first petition for modification of its certificate of public convenience and necessity was filed November 8, 2000. This petition was acted upon 7 months later by the CPUC in Decision No. 01-05-056 wherein the CPUC authorized MFN

to undertake 80 of the 82 route-specific projects it had requested. All construction was planned for either the Los Angeles and San Francisco metropolitan areas. MFN requested that the CPUC defer decision on the two outstanding requests because of the additional delay that processing them would have entailed. At this time, MFN does not require further action on those two routes. In Decision No. 01-05-056 the CPUC once again deferred any decision on MFN's proposed expedited procedures for review and approval of future customer connections and route changes. As set forth above, MFN would welcome a CPUC decision on this deferred issue.

3. MFN's second petition for modification of its certificate of public convenience and necessity was filed June 15, 2001. This petition was acted upon by the CPUC in Decision No. 01-09-018 wherein the CPUC authorized MFN to undertake certain route-specific projects, primarily customer connections. All construction was planned for either the Los Angeles and San Francisco metropolitan areas. MFN does not require any further action on this petition.
4. In conjunction with its findings in Decision No. 00-09-039, the CPUC initiated an enforcement phase in this docket to determine whether MFN had violated any statutory requirements by constructing pursuant to its certification granted through the CPUC's registration procedure. This matter is still pending before the CPUC. Based upon the record filed with the CPUC more than a year ago, this matter should be dismissed.

**Application 00-11-039:** MFN application for second modification of its CPCN to construct facilities in San Diego and Sacramento (filed November 15, 2000). MFN provided you a letter dated January 25, 2002 requesting that the CPUC "hold in abeyance and defer further processing of the above-referenced application .... MFN explained that "[t]he time and expense required under current Commission policies and procedures for review and approval of MFNS' network development has necessitated reconsideration of the company's business plans in California. As a result, MFNS does not desire to proceed further with this application at this time." Nothing has changed regarding this application since MFN sent that letter.

In response to your concerns that MFN is not pursuing its CPUC-authorized construction in Los Angeles and the San Francisco Bay area and that it has perhaps "overbuilt" in California, rest assured that this is not the case. MFN is continuing to install facilities where customer commitments justify the work, primarily through use of existing facilities, or in coordination with MFN's environmental consultants and relevant CPUC staff. Where necessary, MFN will seek additional CPUC authorization through the variance process.

If you have any further questions or concerns regarding these matters, please feel free to call me at the phone number above.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Vic Peterson', with a long horizontal flourish extending to the right.

Vic Peterson  
Director of Engineering and Operations  
Metromedia Fiber Network, Inc.

Cc: President Loretta Lynch, CPUC  
CPUC Docket Office  
Yvette Kitrosser, MFN